

AMENDED IN SENATE AUGUST 17, 2009

AMENDED IN ASSEMBLY JUNE 1, 2009

AMENDED IN ASSEMBLY APRIL 23, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1058

Introduced by Assembly Members Beall and Fuentes

February 27, 2009

An act to repeal Sections 11155, 11155.1, and 11155.2 of, and to add Section 11258 to, the Welfare and Institutions Code, relating to An act to amend Sections 11155, 11155.1, and 11257 of the Welfare and Institutions Code, relating to CalWORKs.

LEGISLATIVE COUNSEL'S DIGEST

AB 1058, as amended, Beall. CalWORKs eligibility: asset ~~limits~~. *limits: vehicles.*

Existing federal law provides for allocation of federal funds through the federal Temporary Assistance for Needy Families (TANF) block grant program to eligible states, with California's version of this program being known as the California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Existing law provides for the CalWORKs program, under which each county provides cash assistance and other benefits to qualified low-income families and individuals who meet specified eligibility criteria.

Existing law continually appropriates money from the General Fund to pay for a share of aid grant costs under the CalWORKs program.

Existing law imposes limits on the amount of income and personal and real property an individual or family may possess in order to be

eligible for aid under the CalWORKs program *including specifying the allowable value of a licensed vehicle retained by an applicant for, or recipient of that aid.*

~~This bill would remove asset limitations with respect to a recipient of CalWORKs benefits, except as required by federal law, and would revise asset limitations applicable to CalWORKs applicants, to allow an applicant to retain savings of \$2,000, subject to annual adjustment, as prescribed, in addition to any personal property and resources otherwise permitted by existing law. By increasing the duties of counties administering the CalWORKs program, the bill would impose a state-mandated local program.~~

This bill would delete existing requirements for assessing the value of a motor vehicle for purposes of CalWORKs program eligibility. The bill would, instead, would exclude the value of a licensed motor vehicle from consideration when determining or redetermining CalWORKs eligibility. By increasing the duties of counties administering the CalWORKs program, this bill would impose a state-mandated local program.

This bill would declare that no appropriation would be made for purposes of the bill pursuant to the provision continuously appropriating funds for the CalWORKs program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11155 of the Welfare and Institutions
- 2 Code is amended to read:
- 3 11155. (a) Notwithstanding Section 11257, in addition to the
- 4 personal property or resources permitted by other provisions of
- 5 this part, and to the extent permitted by federal law, an applicant
- 6 or recipient for aid under this chapter including an applicant or
- 7 recipient under Chapter 2 (commencing with Section 11200) may

1 retain countable resources in an amount equal to the amount
2 permitted under federal law for qualification for food stamps.

3 (b) The county shall determine the value of exempt personal
4 property other than motor vehicles in conformance with methods
5 established under the Food Stamp Program.

6 ~~(e) (1) The value of licensed vehicles shall be the greater of the~~
7 ~~fair market value as provided in paragraph (3) or the equity value,~~
8 ~~as provided in paragraph (5), unless an exemption as provided in~~
9 ~~paragraph (2) applies.~~

10 ~~(2) The entire value of any licensed vehicle shall be exempt if~~
11 ~~any of the following apply:~~

12 ~~(A) It is used primarily for income-producing purposes.~~

13 ~~(B) It annually produces income that is consistent with its fair~~
14 ~~market value, even if used on a seasonal basis.~~

15 ~~(C) It is necessary for long distance travel, other than daily~~
16 ~~commuting, that is essential for the employment of a family~~
17 ~~member.~~

18 ~~(D) It is used as the family's residence.~~

19 ~~(E) It is necessary to transport a physically disabled family~~
20 ~~member, including an excluded disabled family member, regardless~~
21 ~~of the purpose of the transportation.~~

22 ~~(F) It would be exempted under any of subparagraphs (A) to~~
23 ~~(D), inclusive, but the vehicle is not in use because of temporary~~
24 ~~unemployment.~~

25 ~~(G) It is used to carry fuel for heating for home use, when the~~
26 ~~transported fuel or water is the primary source of fuel or water for~~
27 ~~the family.~~

28 ~~(H) The equity value of the vehicle is one thousand five hundred~~
29 ~~one dollars (\$1,501) or less.~~

30 ~~(3) Each licensed vehicle that is not exempted under paragraph~~
31 ~~(2) shall be individually evaluated for fair market value, and any~~
32 ~~portion of the value that exceeds four thousand six hundred fifty~~
33 ~~dollars (\$4,650) shall be attributed in full market value toward the~~
34 ~~family's resource level, regardless of any encumbrances on the~~
35 ~~vehicle, the amount of the family's investment in the vehicle, and~~
36 ~~whether the vehicle is used to transport family members to and~~
37 ~~from employment.~~

38 ~~(4) Any licensed vehicle that is evaluated for fair market value~~
39 ~~shall also be evaluated for its equity value, except for the following:~~

1 ~~(A) One licensed vehicle per adult family member, regardless~~
2 ~~of the use of the vehicle.~~

3 ~~(B) Any licensed vehicle, other than those to which~~
4 ~~subparagraph (A) applies, that is driven by a family member under~~
5 ~~18 years of age to commute to, and return from his or her place of~~
6 ~~employment or place of training or education that is preparatory~~
7 ~~to employment, or to seek employment. This subparagraph applies~~
8 ~~only to vehicles used during a temporary period of unemployment.~~

9 ~~(5) For purposes of this section, the equity value of a licensed~~
10 ~~vehicle is the fair market value less encumbrances.~~

11 ~~(d) The value of any unlicensed vehicle shall be the fair market~~
12 ~~value less encumbrances, unless an exemption applies under~~
13 ~~paragraph (2).~~

14 ~~(c) The value of a licensed motor vehicle shall be excluded from~~
15 ~~consideration as property when determining and redetermining~~
16 ~~eligibility for applicants and recipients.~~

17 *SEC. 2. Section 11155.1 of the Welfare and Institutions Code*
18 *is amended to read:*

19 11155.1. (a) Notwithstanding Sections 11155 and 11257, the
20 department shall seek any federal approvals necessary to conduct
21 a demonstration program increasing the value of personal property
22 that may be retained by a recipient of aid under Chapter 2
23 (commencing with Section 11200) to two thousand dollars (\$2,000)
24 ~~and increasing the value of the exemption for an automobile to~~
25 ~~four thousand five hundred dollars (\$4,500).~~ The increased property
26 ~~limits~~ *limit* shall not apply to applicants.

27 (b) This section shall be implemented only if the director
28 executes a declaration, that shall be retained by the director, stating
29 that federal approval for the implementation of this section has
30 been obtained and specifying the duration of that approval.

31 *SEC. 3. Section 11257 of the Welfare and Institutions Code,*
32 *as amended by Section 1 of Chapter 569 of the Statutes of 1984,*
33 *is amended to read:*

34 11257. (a) No aid under this chapter shall be granted or paid
35 for any child who has real or personal property, the combined
36 market value reduced by any obligations or debts with respect to
37 this property of which exceeds one thousand dollars (\$1,000), or
38 for any child or children in one family who have, or whose parents
39 have, or the child or children and parents have, real and personal
40 property the combined market value reduced by any obligations

1 or debts with respect to this property which exceeds one thousand
2 dollars (\$1,000).

3 For purposes of this subdivision, real and personal property shall
4 be considered both when actually available and when the applicant
5 or recipient has a legal interest in a liquidated sum and has the
6 legal ability to make that sum available for support and
7 maintenance.

8 (b) Notwithstanding subdivision (a) above, an applicant or
9 recipient may retain the following:

10 (1) Personal or real property owned by him or her, or in
11 combination with any other person, without reference to its value,
12 if it serves to provide the applicant or recipient with a home. If the
13 basic home is a unit in a multiple dwelling, then only that unit
14 shall be exempt.

15 For the purposes of paragraph (1), if an applicant has entered
16 into a marital separation for the purpose of trial or legal separation
17 or dissolution, real property which was the usual home of the
18 applicant shall be exempt for three months following the end of
19 the month in which aid begins. If the recipient was receiving aid
20 when the marital separation occurred, the period of exemption
21 shall be three months following the end of the month in which the
22 separation occurs. To remain exempt following this three-month
23 period, the home must be occupied by the recipient, or be
24 unavailable for use, control, and possession due to legal
25 proceedings affecting a property settlement or sale of the property.

26 ~~(2) Personal property consisting of one automobile with~~
27 ~~maximum equity value as permitted by federal law.~~

28 ~~(3)~~

29 (2) In addition to the foregoing, the director may at his or her
30 discretion, and to the extent permitted by federal law, exempt other
31 items of personal property not exempted under this section.

32 *SEC. 4. Section 11257 of the Welfare and Institutions Code,*
33 *as amended by Section 28 of Chapter 1022 of the Statutes of 2002,*
34 *is amended to read:*

35 11257. (a) To the extent not inconsistent with Sections
36 11265.1, 11265.2, 11265.3, and 11004.1, no aid under this chapter
37 shall be granted or paid for any child who has real or personal
38 property, the combined market value reduced by any obligations
39 or debts with respect to this property of which exceeds one
40 thousand dollars (\$1,000), or for any child or children in one family

1 who have, or whose parents have, or the child or children and
2 parents have, real and personal property the combined market
3 value reduced by any obligations or debts with respect to this
4 property which exceeds one thousand dollars (\$1,000).

5 For purposes of this subdivision, real and personal property shall
6 be considered both when actually available and when the applicant
7 or recipient has a legal interest in a liquidated sum and has the
8 legal ability to make that sum available for support and
9 maintenance.

10 (b) Notwithstanding subdivision (a) above, an applicant or
11 recipient may retain the following:

12 (1) Personal or real property owned by him or her, or in
13 combination with any other person, without reference to its value,
14 if it serves to provide the applicant or recipient with a home. If the
15 basic home is a unit in a multiple dwelling, then only that unit
16 shall be exempt.

17 For the purposes of paragraph (1), if an applicant has entered
18 into a marital separation for the purpose of trial or legal separation
19 or dissolution, real property which was the usual home of the
20 applicant shall be exempt for three months following the end of
21 the month in which aid begins. If the recipient was receiving aid
22 when the marital separation occurred, the period of exemption
23 shall be three months following the end of the month in which the
24 separation occurs. To remain exempt following this three-month
25 period, the home must be occupied by the recipient, or be
26 unavailable for use, control, and possession due to legal
27 proceedings affecting a property settlement or sale of the property.

28 ~~(2) Personal property consisting of one automobile with~~
29 ~~maximum equity value as permitted by federal law.~~

30 ~~(3)~~

31 (2) In addition to the foregoing, the director may at his or her
32 discretion, and to the extent permitted by federal law, exempt other
33 items of personal property not exempted under this section.

34 ~~SECTION 1. The Legislature finds and declares all of the~~
35 ~~following:~~

36 ~~(a) In 1996, Congress passed the Personal Responsibility and~~
37 ~~Work Opportunity Reconciliation Act (PRWORA), known as~~
38 ~~welfare reform, which created the Temporary Assistance to Needy~~
39 ~~Families (TANF) program. TANF gives states power to design~~
40 ~~their own programs, including establishing asset limits. The~~

1 ~~California Work Opportunity and Responsibility to Kids~~
2 ~~(CalWORKs) is California's program implementing federal welfare~~
3 ~~reform provisions.~~

4 ~~(b) The structural components of the TANF program, as~~
5 ~~administered by CalWORKs, have proven to be immensely~~
6 ~~effective in preserving cash assistance for those in need. Federally~~
7 ~~mandated and state-enforced time limits and work requirements~~
8 ~~effectively deter anyone from applying for assistance without~~
9 ~~having exhausted all other resources. These structural realities,~~
10 ~~coupled with the social stigma associated with receiving public~~
11 ~~assistance, prevent anyone with financial resources from~~
12 ~~considering public assistance.~~

13 ~~(c) In California, to qualify for public assistance under~~
14 ~~CalWORKs, impoverished families must demonstrate that they~~
15 ~~are both income- and asset-poor. Under current law, a low-income~~
16 ~~family will not qualify for assistance if the family has savings or~~
17 ~~other assets, excluding a home and specific vehicle allotment,~~
18 ~~exceeding the asset limit of \$2,000.~~

19 ~~(d) Asset limits were intended to ensure that public assistance~~
20 ~~programs provide benefits only to those with too few resources to~~
21 ~~support themselves. However, asset limits dissuade low-income~~
22 ~~families from saving because, in doing so, they risk losing their~~
23 ~~benefits. For families making the difficult transition from welfare~~
24 ~~to work, developing assets is critical to achieving true economic~~
25 ~~independence. In order to prevent a complete backslide to public~~
26 ~~assistance, low-income working families must begin to develop~~
27 ~~their own safety net through personal saving for use in the event~~
28 ~~of an unexpected income shock due to illness or temporary~~
29 ~~unemployment. As personal saving is essential to achieving~~
30 ~~self-sufficiency, which is the stated goal of the CalWORKs~~
31 ~~program, saving should be encouraged by welfare policy and social~~
32 ~~service agencies, rather than penalized.~~

33 ~~(e) To be economically secure, families need both income and~~
34 ~~assets. Regular income helps families pay for their daily living~~
35 ~~expenses. In contrast, families need assets to weather financial~~
36 ~~hardships and get ahead. Assets provide a safety net for coping~~
37 ~~with unanticipated expenses and emergencies, such as~~
38 ~~unemployment, accidents, and illnesses, that could otherwise cause~~
39 ~~significant financial hardship. Assets also help families build~~

1 wealth and plan for the future by, for example, saving for retirement
2 or investing in their children's education.

3 (f) ~~Several studies have documented the negative effect of asset~~
4 ~~limits on wealth accumulation among low-income households in~~
5 ~~a variety of public assistance programs. One study found that 49~~
6 ~~percent of public assistance recipients indicated that they would~~
7 ~~save more if the government did not cut their benefits because of~~
8 ~~their savings.~~

9 (g) ~~Many states are actively trying to stimulate savings by TANF~~
10 ~~recipients and other low-income people by addressing asset tests.~~
11 ~~The States of Ohio and Virginia have eliminated the asset test~~
12 ~~altogether. The State of Virginia decided to eliminate asset limits~~
13 ~~for their TANF program, in December 2003, by administrative~~
14 ~~action, with the goal of streamlining the eligibility process and~~
15 ~~cutting down on administrative costs. This decision has saved the~~
16 ~~state an estimated \$400,000 annually, and to date, the State of~~
17 ~~Virginia has reported no "horror stories" of individuals with~~
18 ~~significant assets scamming the TANF program. In addition, in~~
19 ~~1997, the State of Ohio eliminated its asset limit and has not~~
20 ~~experienced any spike in the rolls or reported fraud.~~

21 SEC. 2. ~~Section 11155 of the Welfare and Institutions Code is~~
22 ~~repealed.~~

23 SEC. 3. ~~Section 11155.1 of the Welfare and Institutions Code~~
24 ~~is repealed.~~

25 SEC. 4. ~~Section 11155.2 of the Welfare and Institutions Code~~
26 ~~is repealed.~~

27 SEC. 5. ~~Section 11258 is added to the Welfare and Institutions~~
28 ~~Code, to read:~~

29 11258. (a) ~~Notwithstanding any other provision of law, for~~
30 ~~any individual who is a recipient of aid under this chapter, in order~~
31 ~~to encourage personal savings as a bridge from government~~
32 ~~dependency to self-sufficiency, and to create an incentive to saving,~~
33 ~~there shall be no limitation on the assets of an individual or a family~~
34 ~~as a condition of eligibility for receiving aid under this chapter, to~~
35 ~~the extent permitted under federal law.~~

36 (b) ~~Notwithstanding subdivision (a), an applicant for benefits~~
37 ~~under this chapter may retain savings of two thousand dollars~~
38 ~~(\$2,000), in addition to any personal property and resources~~
39 ~~otherwise permitted by this part. This amount shall be adjusted~~

1 annually in accordance with changes in the California Necessities
2 Index.

3 ~~SEC. 6.~~

4 *SEC. 5.* No appropriation pursuant to Section 15200 of the
5 Welfare and Institutions Code shall be made for the purposes of
6 this act.

7 ~~SEC. 7.~~

8 *SEC. 6.* If the Commission on State Mandates determines that
9 this act contains costs mandated by the state, reimbursement to
10 local agencies and school districts for those costs shall be made
11 pursuant to Part 7 (commencing with Section 17500) of Division
12 4 of Title 2 of the Government Code.